

Murray City Municipal Council Neighborhood Meeting Viewmont Elementary Murray City, Utah

The Municipal Council of Murray City, Utah, met on Tuesday, the 25th day of April 2006 at 6:30 p.m., for a Neighborhood meeting held at Viewmont Elementary, Library, 745 West 5720 South, Murray, Utah.

Roll Call consisted of the following:

Krista Dunn,	Council Member
Pat Griffiths,	Council Member
Robbie Robertson,	Council Member
Jim Brass,	Council Member
Jeff Dredge,	Council Member

Other who attended:

Daniel Snarr,	Mayor
Michael Wagstaff	Deputy for Legislation
Shannon Huff Jacobs,	Council Director
Carol Heales,	City Recorder
Gil Rodriguez,	Fire Chief
Gary Merrill,	Power Department General Manager
Dick Stauffer	Former Council Member

Murray Citizens:

Billie Smith	Brent C. Wintch
Noel Anderson	Jay Brummett
Laila Bremner	Diana Knapp
Sena Knapp	Lew Robbins
Mike Romero	Wendell Coombs
Brian Hill	Leslie Hill
Sherry Njord	Sallie DiFrancesco
Deborah Ng	Merlin Larsen
Roberta Larsen	Jean Jorgensen
Steven Bogue	Jack Willis
Neil Scovil	Julie Scovil
Earlene MacMeekin	Dwight Nichols
Brad Charles	John Hunter
Jeff Evans	Phil Markham
Tom Post	Caprice Post
Nicole Wintch	Kathy Ricci
Ken Donarski	Andrea Nelson
Tom Henry	Beth Draper
Riley Draper	Teresa Rigby
Scott Haupt	Rochelle White

Zerin Brewer
Wes Eatchel

Leslie Eatchel
Jess & Judy McArthur

Meeting conducted by Council Member Jeff Dredge, Chair of Budget and Finance Committee
Power point presentation given by Council Member Krista Dunn and Council Member Jim Brass.

Welcome and Introductions: Mr. Dredge

Mr. Dredge welcomed those in attendance to the first Murray Municipal Council Neighborhood meeting for District One. He said the Council wanted to meet with their constituents to discuss the City's budget. Mr. Dredge introduced Council Members: Robbie Robertson; Jim Brass; Pat Griffiths; Krista Dunn, and Council Director Shannon Huff Jacobs. Mr. Dredge then introduced Mayor Snarr and his staff in attendance.

Pledge of Allegiance: given by Noel Anderson

Opening Discussion:

Mr. Dredge began the meeting by stating that Murray is facing some financial issues that the Council felt very important and decided to take every step they could to get out amongst the constituents and let them know what's going on with Murray City's budget. He added that the Council wanted to give constituents the opportunity to ask questions and give guidance and direction where possible.

Mr. Dredge continued, the format for the evening is a power point presentation with audience participation. Council chair, Krista Dunn, is going to lead you in the power point presentation, which is going to be talking about some financing issues within our city. If you've got a question or if you need clarification on something that she says, go ahead and interrupt, ask, we don't want to blaze ahead if you don't understand something that is said. However, we would appreciate it, if the bulk of your questions would be held until after the presentation. The Council will be available for 15-20 minutes for a question and answer session. The Council and Mayor will stay after the session for as long as needed. Mr. Dredge expressed his appreciation to the audience for coming and being involved with their community.

Mr. Dredge began the presentation by asking the audience what services they think their city should be offering. The audience's response was: public safety; police and fire; sanitation; street maintenance; speed control such as speed bumps; preservation of open lands; water; sewer; recreation; preservation of neighborhoods (zoning); library; power; education; community planning; economic development. Mr. Dredge said he could feel the weight on his shoulders with such a long list.

Before Mr. Dredge turned the time over to Ms. Dunn he mentioned a conversation he had with one of his constituents who is in college. The young man told me he is taking his first political science class, and he is getting his first introduction to government. He said to me, "I've come to this stark realization through taking this class that city government is where the rubber really hits the road; where things really get done." Mr. Dredge said that he has realized this too while serving on the city council and planning and zoning. The things that most directly impact all of our lives and our children's lives are right here, and it behooves both those, who I'll say are in political positions who represent you, and the community who works together to come up with solutions so that we can provide an adequate balance between having these services and having them be affordable. Mr. Dredge finished by stating the power point presentation will list city services and show where all the money comes how it is spent.

Power Point Presentation:

Ms. Dunn thanked Mr. Dredge for opening the meeting. Ms. Dunn expressed the Council's appreciation for the interest shown by coming tonight and hearing about what funds Murray City and what kinds of challenges we face as a city. Ms. Dunn began by noting that Murray City is a member of the Utah League of Cities and Towns (ULCT), a technical type of organization that represents all the member cities in the state. ULCT helps us out with a lot of things. Some of the materials that we use tonight have come from their research.

Ms. Dunn continued, about seven years ago when I was first elected to the council, I remember attending my first training as a council member. The one thing that I took away from that training session given by ULCT was the need to start talking about and helping citizens understand that there is a difference between tax payers and citizens. We are all tax payers, but it takes a little more to be citizens. Citizens are not just people who pay taxes, but they also take part in their community. We're all true citizens, and that's the first step. People here tonight have proven that they are citizens. You're here, you're interested, you're ready to take part and help with the solutions to issues that we have in Murray City.

Ms. Dunn asked who saw the article in the newspaper today about the meeting tonight? She thanked the Tribune for taking an interest in little Murray City and printing the article. She said the Council is trying their best to get the word out. She asked the audience to tell their neighbors about the meetings. Ms. Dunn pointed out that the Council will be doing 10 meetings, including this one, during the next several months, twice in each district. She added, the Council would love to have people come back for the second meeting in District One. There will be a different message in the second meeting, so it won't be a waste of your time. Again, thank you for being here.

Ms. Dunn explained, as council members, we have several different responsibilities. Our major responsibilities involve the budget of the city, the ordinances or laws of the city, and zoning, or land-use issues. Tonight we're dedicating this meeting to talking about the budget.

Ms. Dunn started out by showing an illustration of a city depicting services being rendered. She stated the illustration was put together by ULCT. She uses the picture to teach municipal government to third and sixth graders in her district, so three elementary schools. At the end of every seven-week session, she gives a test to the students on municipal government. She tells them that after they take the test, if they take a copy of the test home to their parents for them to take, whoever scores the highest gets a treat. Ms. Dunn said, "Guess what, I give a treat to the kids every time. This is because, as tax payers, we don't know where our tax dollars go and for what purposes. With all my involvement in the community and sitting on all kinds of community task forces, I got on the city council and found out I didn't know where all our tax dollars go.

Ms. Dunn continued, so we as a council decided that one of our responsibilities should be helping our citizens understand where their dollars are going. When we go to the store, we want to know what we are spending our money on. Ms. Dunn asked the audience to look at the picture and identify the city services being given.

Ms. Dunn referred to a study done by Dan Jones in connection with the Utah League of Cities and Town. His survey was conducted in 2001, 2003, & 2005. In the survey, Dan Jones asked Utah residents from all over the state different questions about government taxes. One of the questions he asked was, *Which tax do they object to most of all?*

The results of the study indicated that 29% of the people said property tax. This response was the highest in all three years. Continuing with the findings, income tax was second least favorite at 24 %, sales tax third at 16 %, gasoline tax fourth at 12 %, 17% said they hate all taxes, and finally 2% said they didn't mind paying taxes. None of us really like paying taxes, but I think most of us understand there is a purpose for them.

Ms. Dunn asked the audience, How many of you think the City receives money from state income tax? How many think from property tax? How many think from sales tax? How many think from gasoline tax?

Ms. Dunn answered by stating the City is funded by what is called the *three-legged stool*. The three legs are: property tax; sales tax; and a conglomerate of other things. The City receives some gasoline tax indirectly from the State.

Ms. Dunn continued, if you look at Murray City's budget, there is a total estimated revenue of about \$31.9 million dollars for fiscal year 2006's budget. Sales taxes contribute 39 percent, property tax 15 percent, and *other* sources 46 percent. As you can see, sales tax is our biggest revenue source. This is the budget we're operating under now.

She continued, we are currently looking at next years budget, we're in the middle of the budget process. Some of these numbers will change. Mr. Dredge added, that is part of the reason we are here tonight. The *other* sources seems like a big portion of it, but if you take all the things that it combines here, franchise taxes (such as phone, cable TV, energy & natural gas) in lieu tax transfers from enterprise funds, business license fees, fines, government grants, individually they make up a very small portion of the City's budget.

Enterprise funds are in just a minute. Some of the tax revenue goes into come from the The City's General fund receives taxes. The City's enterprise funds, that work almost like a small business or a large businesses in some cases, are funded by *fee for service*. They pay *in lieu of tax transfers*. These fund transfers are basically what we take from the City's enterprise funds that that City would have received from a regular business paying taxes.

Every year, we get a property tax notice, and if you notice, who does it come from? Salt Lake County. You pay your property taxes through Salt Lake County. We are going to talk a little bit about property taxes right now. Up at the top, right hand corner of it, what it gives you is an assessment of what your home, or if you're a business in the community, what your business, what they assess your business to be worth. They assess both the land,(and I know you cant see that from here, but this is going to go away in a minute) and then the buildings on the land, and then they have a total market value right here. Residential property is taxed at only 55% of the value. The other thing you probably ought to know, the value of your home assessed by the County is generally lower than what it's actually worth. In fact, one of the questions Dan Jones asked was, if you could sell your home today at the value that your county listed on your tax notice, would you sell your home, and 90% of the people said :absolutely not". And so, they do tend to keep that a little bit lower. Now, remember this particular one is for residential property and is taxes at 55%. Now lets take a look at where those property taxes go.

I know that this will be kind of hard for you to see back there, so I'll try to just point them out. These first 2 lines right here, represent Murray School District. Murray School District gets a portion of your property taxes. The next 6 or 7, I don't remember how many, are Salt Lake County. Salt Lake County gets a portion of your property taxes. Then next line is Murray City. That is what you pay to Murray City. The next one is the library, which is a separate taxing entity than the city, but it's here within the city and if the taxes go up, that is approved by the City Council, but it comes from that separate taxing entity. And then the last several right here, are what we call special improvement districts, and they take about, well I'll go over how much of it goes to each one in just a second. **now, does everyone within the boundaries of Murray, pay Murray school district taxes?" Every one who lives in the "traditional" side of Murray, not the newly annexed side, but the traditional side parts of Murray are taxed by Murray School District. If they are in the newly annexed side, they are taxed by Granite school district. So, if you take these first 2, Murray School District, Murray school district of all the property taxes you pay, its not on here, this home right here, the value is worth \$322,000, it's taxed at

\$177,000 and the tax amount is \$2,000. Of that \$2,000. Those first 2 lines to Murray school district represent 56% of the taxes you pay. Now, Murray school district is completely separate from Murray City. And a lot of people don't know that their school district is a separate entity from their city. Especially in a place like Murray City, where we have our own school district here, a lot of people don't understand that that's completely separate. Just like we have a city council that decides the budget here, they have a school board that decides the school budget for the school district. 56% of your property tax dollars goes to Murray City School District. That's not a bad thing, that's a good thing, it's just a fact that 56% goes to them.

The next one is the County. The County represents 22% of your property tax dollars. Then, finally, down here, Murray City has this one line. Murray City takes only 12% of the property taxes that you pay. Murray City has one of the lowest property taxes in the state of Utah. There is a lot of reason for that that we will go into in just a few minutes. The last few, the special service districts down here, they represent 10% all combined of your property tax dollars. The library, like I said, is a separate taxing entity *you're looking at the bottom 10%?" No *is that in the 12% then?" No. No, I am, I'm sorry, it is part of the bottom 10%. I'm sorry. Let's go to the next one.

The next one is a commercial. This one is, this property is about the same assessment value as the previous residential one, \$340,000. But guess what? Commercial properties are taxed at 100% of the assessed value. They pay the exact same percentage as down here, but where they pay \$2000. for residential, it's \$4000.00 property tax for a business within the city. What does that tell you about what businesses do for us here in the city? *I have a question-why does Murray City then encourage this huge development that is going to pay no property tax to locate here in our city?" Very good question. The problem is, we don't own the property. They can build what they want, as long it is within the zoning. *and were incentives given by Murray City to do that?" No. (Jeff) Not one *the flip side of that is, our business, which is within that one mile radius of that development, has tripled in property tax, because of that development. So I would imagine that goes all the way around, plus attracts other businesses" tell us why you think your property taxes have tripled as a result. *because of that development" and what has the hospital done to make the property taxes *It becomes the most attractive (50/30?) State where we are located is now the number one that has the traffic volume in the entire state street corridor" And that does give value, and the point of this is that the assessment value of your property has increased tremendously because of that.

(Jeff) One of the other things regarding the hospital, that you haven't seen yet, there's a lot of buildings being planned now, that will be built, office buildings, commercial, everyone of those pay for property taxes, so there's going to be a tremendous economic benefit to the City. The other is, if you have a hospital with 5000 people employed in it, during the day, they are going to buy stuff from Murray, so there will be a benefit that more than out weighs the potential loss of property taxes. *that's one of things you're talking about now, is the your sales tax, sales tax..} (Krista) and we will talk about that. The other thing that we haven't brought up, is that IHC isn't 100% non-profit. They have about 40% of their business is for profit, and those things are taxed. Those areas are taxed.

But again, if people own property, they can build on it as long as its within the zone. We can't say, no we don't want you here. You don't own the property.

*(unintelligible) thats right, but _____ previously zoned for, and _____ the hospital fit there, you cant _____ to get them out.

*(so you said, part of it is taxable? what kind of tax? Anything that they do that is for profit, so, *(property, sales.. Yes. *(all of them? Yes. (Jim?) Doctors offices, Gift shops, food services, cafeteria services will be all _____. *(what do you foresee in the 2006 budget amount that they will be, 40% is that what the number you.. (Krista) I don't know the exact number, it would have to be more than 50 % to stay non-profit, so I would assume it would be in the 40-50% range. What we show here, is that commercial actually does subsidize residential. And that's a way that the city has kept property taxes low over the years.

Murray City Budget- I talked about earlier that the Murray City budget is made up of the General fund, that is the fund that comes from taxes, the 3 leg pool- property, sales tax and the other. Then we have the enterprise funds. Those are actually run as businesses within the city. You pay for what you use.. In other words, with power, you pay for the amount of power that you use. The amount of water, how much water goes through your system into the sewer system, golf course, you pay for what it costs to play there, and we charge what it costs to provide the service. We aren't looking to collect a for profit golf course, we aren't looking to make profit on this, we charge what it costs. Then, the final one, the storm water, this is a new one that you will see in the coming year as well, because mandates by the federal government for us to treat water that runs off of your property has to be treated and so we are going to have to keep track of that as well.

*(will you be looking at those businesses that have a lot of surface parking.. Absolutely very good. *(even though they are non-profit? Even if they are non-profit, they will pay the full amount, and as residents, we do not see a lot of impervious surfaces, these hard surfaces that the water has to run off of. So, a residential property will see about \$3.50 a month, where you will see some businesses up in the thousands. *(will we also see churches being charged for it? Absolutely. Every property (*Schools) property owner, the schools, will be charged. And we are one of the last cities to go to a storm water utility because we have always used your tax dollars to subsidize it up to now. But with the mandates by the federal government, that cost is becoming too high and it is not fair to have the residents pay the cost through taxes for what it costs to provide this for these large businesses.

Lets talk about sales tax a little bit. Murray City is a very commercial city. We generate about 5% of all of the sales tax that is generated in the state of Utah. We have really good retail and commercial business here in Murray. The problem that we have, and you mentioned that there are some issues that we are facing right now, is that our population is only about 1.8%. Of the state population. Of the sales tax collected in Murray City, we send 30% back to other cities. Prior to 1983, for quite some time, the state legislature has said 1% of all the sales tax in the state of Utah will go back to the municipalities. Prior to 1983, we in Murray, collected 100% of that 1% that came back. So, if got 5%, we got 100% of that. Until 1983. In 1983, what happened was, we had cities all across the state,

that had, by choice, remained bedroom communities. They didn't want the crime, the traffic, the infrastructure, those types of issues that are a cost to municipalities that has commercial businesses so they elected, their city leaders elected to pay a little higher property taxes so they wouldn't have to deal with those taxes. In Murray City, those people elected before us had the foresight to say "you know what? We want to be a self sufficient community. We will have the commercial and retail, all of those things, so that if our citizens don't ever want to leave Murray, they can get everything the need here in our city". That was a really good plan. We had all that we need. Back in 1983, or prior to 1983, the cities that had chosen the higher property taxes in the past, went to their legislatures and said "wait a minute! this isn't fair. These cities like Murray are getting all of our tax dollars, we go and spend our money their and they are getting all of it. It's not fair" our legislators, who had been involved all along, said, well that's because you chose that way, Murray chose this way. Murray was outnumbered, Murray and several other cities, and at that time the legislature put into place a formula that is based on 50% point of sale, where the product is purchased, and 50% is decided by population. Now remember, we are only 1.8% of the population, we have a relatively small population, and that was a big, big loss for Murray. But, back at that time when the legislature looked at it , Murray and several other cities that are like Murray said you're going to kill us, the legislature put into place what we call a "hold harmless" clause that was designed to financial protect *(Mayor) Just one comment, not only did it go to 50-50, but they no longer gave us the full 100 % of the 1%, they gave us 3/4 of 1% (Krista) That is what I was just going to say. This hold harmless clause gave the cities an option: either 50-50 or 3/4 of 1%, whichever was higher. It was much less of a hit to take the 3/4 of 1% than it was to go to the 50-50. So, consistently since 1983, Murray City has taken 3/4 of 1%. But it was still hit, even back then.

Fast forward to 2006, in the most recent legislative session, these same cities that have said "not fair" have continued to say the same, and think it should be 100% population. Now, remember that there are only about 12 cities that are consistently affected by this that are more commercial cities. Are we out numbered at the legislature? Absolutely. In 2006, when the cities came back to the legislature and said, it's not fair, the legislature chose through Senate Bill 35, to remove this hold harmless clause. The result to Murray City is more than \$1.5 million dollar loss to what makes up our General Fund. When you look at this, our General Fund budget is \$31 million, but, only \$12 million comes from sales tax. \$1.5 million out of \$12.5 million is a huge loss to the City of Murray. Again, sales tax is the largest single source of revenue to the city. And that is what has helped to keep your property tax low over the years. I said before that commercial properties have subsidized residential properties, what's happening today? They're still going to subsidize this a little bit on our residential property, but not near to the extent they did in the past. In Murray, we have always been proud of our self sufficient community, we have our own school district, police department, fire, power, parks and recreation and lots of commercial business. It's part of this self sufficient idea that our past elected officials were trying to accomplish-where if people never wanted to leave Murray, they could get everything they could ever possibly need right here. We have the hospital right here too, and again that's not funded by the city, but its one of the things that make us a self sufficient city. We talked about the past leaders having a vision for the city, to keep out taxes low, and today, after the 2006 legislative session is over, those same cities are talking to their legislators saying, we want 100% population formula. That is something we are really going to have to fight. As a community, we fought hard this time, and the

legislature needs to be held responsible for this, but I have to put in a plug for those legislators that represent Murray City currently; we have never had a group that was so adamant about supporting the city and the city's needs. 100% of them voted exactly how we wanted them to and I will tell you, we have never had that in the past. All of our elected leaders went to bat for us. Not only did they vote the right way, they lobbied, they didn't win, but they really worked for us on our behalf. We actually have a few legislators that were willing to, that don't represent Murray, because of the influence of ours, that were willing to vote for the things that we needed. In the end, it didn't matter-12 cities being in this situation, we were very out numbered. If that were to happen, and we went to a 100% population formula, the city would lose \$6 million, of our \$12 million that we were getting in sales taxes. That is pretty scary. Just for \$1.5 -\$1.6 million, what is what we lost, through this legislative session, the only way we made up for that through the budget this year, is through property tax, as we have no one else to push it off on. We hear our state legislators say all the time, we're tired of unfunded mandates from the federal government and they have to pay for these mandates, and many times when they pay for these mandates guess where they push it to? down to the city level so that the cities have to deal with it. We have no where else to push it except to you. Property taxes are the only thing that we have control of. If we want to provide those services that you listed there, the only thing we have control of is property taxes. Pushing that down to our level, there is not a whole lot that we can do. Just to make out the \$1.5 to \$1.6 million, guess what the property tax increase would be, if we couldn't find any other money to help it? what do you think? The Mayor knows- he's going to answer for you.

***40% Yes, 40 % (40.9) Yes 40 % to make up \$1.5 million. (Mayor) tell them what it would be if we had to make up the \$6. Million. ***I have a question regarding the population of the state that falls into these 12 cities that you're talking about" (Krista) the 1.8% of the population is Murray alone. Those other cities represent even smaller portions of population. ***Riverdale is one, with a resident population of 8000" (Mayor)"Vernal is one" ***They are smaller than we are, but they are"

(Mayor)Park City, South Salt Lake,) ***why aren't these smaller cities lobbying?" *they are ***If we are dealing with 12, it would seem to me that the rest of the state would be able to out number them." *That's the problem, we are the 12 and we are outnumbered, and we are the ones that want it" ***Krista, on the 40% how is that figured? I mean, the number was thrown out in the newspapers.." (Krista) That is the number that makes up that amount that we lost. (?Jeff) 40% of the Murray line, not the total tax bill, but the line that says Murray Property tax". (Krista) Murray takes in probably 30-40 million, just in sales tax, most of that goes back to the state, total tax is probably \$100 million (Mayor) I was going to say, you had me scared when you said 40 million) the part that comes back to Murray City is \$12.5 million. 40% property tax increase just makes up the \$1.5 million that we are losing out of that. ***1 line on there says Murray City.....with the 40% what number would that be?" Well, I can't remember exactly what number it was on the property tax, but 40% increase on a \$200,000. Home would be (Mayor) would be \$67.00. All you have to do is take the 250 and times it by 40% and you'd have your" (Pat) so on your individual property tax notices, if you time the Murray City amount that you have to pay that would tell you how much you have to pay, 1.4" (Krista) the one thing you have to be aware of, it's not 40% increase on the \$2055. That was there at the bottom, which is the amount that goes to the school district, the city, the county, and all those special services districts. That is what some people are worried about. When they hear a 40% tax increase, they think it's the total amount there at the bottom, that would be a huge increase. We are talking about the one line that says Murray only. Basically that would go from \$250 to \$300 for a \$300,000 home. For this one we showed you, it would be

about a \$65.00 increase. *”so, you’re proposing to increase the amount for the 1.5, but we will also be increasing our sales tax revenue as soon as the hospital is built” (Mayor) no, they capped us” (Krista) No, because what happens is now were losing, we may see some increase some residual increase, but we will see very little of it because now its down to the 50-50. *(Jim?) “We’re essentially frozen for the next 4-5 years” (Krista) Yes, for the next 4 or 5 years we will not see any increase. (Mayor) if we gain some population, we can start to grow out of it, ...commercial...but its going to be a long, arduous process”. (Krista) we have a good question back here that Jeff asked. Jeff asked if the legislature would ever take into account, day time population. As we’ve gone through these discussions, Michael Wagstaff is our representative up at the legislature, he spends all day there, the whole session, and the interim, he’s been talking with our legislators, and other cities that are in the same predicament, I spent the whole legislative session going up there, we talk to our legislators about this, the problem is no. Right now they are not willing to look at daytime population. Even though we tell them it cost more to provide services to commercial areas, we have infrastructure costs, we have police and fire costs, we have all kinds of emergency costs, we have road repair for all of the traffic that goes on, then we provide services for 150,000 people a day in this city, up to now they are not willing to take a look at that, we are still pushing for that.

*(Jim?) Krista and I both testified up on the hill during the interim last summer, and again, they have interim committees going on now, I urge you to pay attention to our Utah legislative site, look at agendas, and maybe go up and talk to them, but, the one bit of testimony that really amused me, that really struck home, Springdale. A little community at the gateway to Zions National Park. Their populations 470. They serve 3 million people a year. You cannot raise your property taxes enough to cover the cost of 3 million people. That’s the juggling act that some of these cities are playing with. Park City, a ski resort, same thing. Small population, a lot of visitors. So there is an impact, but you’ve got Cedar Hills, and Herriman, and all these communities that are cities with just homes, no shopping centers, no gas stations, nothing. And provide to provide services for those cities, they have to come after that money.” *”I have a question about this,” *”I know Im stepping on sacred ground, but Granite School district, I send my taxes to Granite school district, and I talked to Jeff about this, I’ve talked to the Mayor before, what can Murray City do legally to get Granite School district off our backs so the money comes to Murray instead of Granite?” (Krista) I can tell you this, the school districts are separate entities, the best that we can do is the legislature passed a law this year, that cities can look at having their own school districts. So far, my discussions with school board members is that their not interested in looking at combining with Granite District in that direction. Those are the people, Murray residents should be talking to Murray School board people. And Granite district people, trying to get them to come together. Right now, Granite is in a mode of protect what we own. *”who cares about Granite School district?, Think about Murray School district and anything we can do or any influence anybody has, the pressure needs to be put there so we can get that money into our district.” Applaud for Murray School District-just like Murray city keeps your tax dollars low, Murray residents pay much less in property taxes to Murray school district than Granite School district citizens pay. What I think you will find is that most of your elected leaders, before we ever came on the scene, have really tried hard to keep your tax dollars low.

When we look at the budget, when you listed these things on the paper in the front, on what you thought the city should provide, if you look at what we are providing here, general personnel, those are the people that make the city run, any business, the city is run

mostly like a business, and it takes your computer people, and it takes your finance people, in fact, we'd be sunk without our finance people because they have done a lot of tutoring on us, on learning how municipal budgets work. They've done a very good job of that; they are very labor intense. You go over to Public Safety, you are not paying for stuff when you are talking about Police Departments. You're talking about bodies. You're police departments are people. 90% of the expense for providing a police department is for people. Fire department is just a little bit lower than that, because fire trucks cost a lot of money. One of the issues we are dealing with in Murray City, is with that newly annexed area, the first thing we have to say is, most of you are from the traditional side of Murray, we have a few people probably from the annexed side, is that number 1, annexation is not Murray's choice, it was the residents choice. By law, we have to accept anyone in a contiguous area that is less than 50% of population, theirs is some rules to it, but more than 50% of the property owners sign that they want to join. That happened 4 years ago, (Mayor) 3 years ago for Wes' and Jack's area, that's about almost 5 years ago) (Krista) some of the areas it took longer. I actually spent a lot of time at the legislature, I developed a nick name at the legislature, with some of the legislators up there, they like to call me names up there because I fought very hard for self determination. What that simply means is if people want to be in our city, we'd love to have them here, if they don't want to be in our city, we don't want them here. So we fought very hard for that up there. There is a certain senator to the east of us here, that was really angry with me because I pushed so hard for that, but we won that because it was the right thing to do. We do not want to exclude anyone from our city. (Mayor) It's a blessing, kind of, because...) * _____unintelligible" (Krista) More than half in the room are annexed. (Mayor) I will say, it's a blessing in a way now, if you understand the concept of population distribution of sales tax, we have more population now, it helps us out actually" (Krista) Public safety, all of these are very labor intensive to provide those services, you look at Parks & Recreation, Murray City has won award after award for its Parks and Recreation programs. Those are the recreation programs your kids participate in and we are one of the few cities that have their own recreation program and there was a survey done about 10 years ago where we asked our citizens about recreation programs and no one wanted to touch the recreation programs. Everyone loves the recreation programs. They are one of the few though that are part of the General Fund that actually pays for part of the cost; the fees for participation pay for at least part of the cost, not 100% of tax dollars pay for it. *"do you know what their sufficiency rate is?"

(Mayor) How much of a percentage do they support?" (Krista) it depends on the program. (Mayor) I could get it for you, but it varies so much there's all kind of figures. It depends on if the seniors are participating, different leagues, whether it's the Jazz league sponsoring it, just different types of programs we offer. Some of them are offered that are disadvantaged and don't have the financial resources to participate. The city in some ways subsidizes that." (Krista) If I were to guess, I'd say there about 70-75% self sufficient. *"that's about right for a well run parks department" *"I know that West Jordan pays city taxes, since they do a lot of their taxes by sales tax, what are the rules regarding putting a city sales tax on? We are saying we have a lot of customers and receiving a lot of people, our services..if we are putting the burden on our property tax"

(Krista) There has been a lot of talk about that amongst the cities, and I don't know the answer to that. I will see what I can find out. (Mayor)the streamline sales tax formula, they are trying to nip that and say it's going to be standard across the state. So that they can capture the sales tax from the internet sales. It's a very difficult thing."

(Michael Wagstaff) With SST which is the streamlines sales tax, it conflicts with that tremendously. And that is a year or 2 years away from actually happening, so a city tax would be a little ways off if it every gets done. *”.....here is a great avenue”

(Krista) we have discussed it over time. (Robbie) A City sales tax would be detrimental to your businesses. It would drive people to the other businesses, I mean,. How far do you have to drive to Wal-mart? (Mayor) The big one would be the car dealerships, that could be several hundred dollars” *”.....that is also a very small portion of that sales tax, and I understand. I don’t want a customer to go somewhere else either, but they do come here, we have a captive audience” (Mayor) we’re ok for BMW’s, mini’s the only dealerships are here in Murray” *”there’ll be a giant sucking sound down State Street” *”various people speaking at once

(Krista) Speaking of South Salt Lake, they are another one of the 12 cities that have been hit hard, even harder than us. They are looking at a much higher tax increase than we are. *”...in what the Mayor said, Larry Miller opened his lexus dealership in Orem because (Lindon) their sales tax is 1% less (Mayor- \$560 less on a normal LS400)”

So, if you were to break up what the expenses are with the city, and we’ve gone over it, just breaking it down, to provide these things, it’s expensive. I think you pretty much got the point on that.

Dan Jones survey asked how people across the state how we think we compare with other states in income tax. How many of you think we are higher than other states? (*this is for the state of Utah) How many think we are about the same? How many think we’re lower? How many just don’t know? The answer is: 34% said Higher, 39% about the same, 11% said we are lower, 16% said we don’t know; the answer is we are the 15th highest nationally in state income tax.

Next one: this is the one we are concerned with. Property tax. How do you think we compare to other states? 27% said we are higher, 32 % the same, 28% said lower, 13% don’t know. The answer is, we are the 14th lowest in the country in property tax.

(Mayor) the other area I was going to say are low, are Nevada, Wyoming is low because they get a lot of money generated through the energy resources they have.)

(Krista) The other thing you can deduce from all of this is as elected officials, when we see how people hate property taxes, they want to keep property taxes low, and I will talk about the people that have come before us, how likely, if they want to be re-elected, are they going to raise property taxes? Not very likely. The problem with that is, the nice thing is, that they find other ways to cut before they raise your property taxes. The problem with it is that sometime, and many cities have run into this, you wait until youre in crisis mode to increase your taxes, then you have to increase them 200-300%. We don’t want to get into that either in Murray City.

How do we compare with sales tax? 44% said higher, 35% said about the same, 10% said lower, 11% said they don’t know. The answer is: we are the 9th highest nationally in sales tax.

The most important question Dan Jones probably asked, is if there had to be revenue increase to cover the services we said we had to provide, which would you prefer: raise property tax, implement a fee for services, a combination of both, or cut the service.

*”unintelligible” The interesting thing is, when Dan Jones asked the question, the majority of people said, implement a fee for service. The problem with that is that you can’t just implement a fee for all services. We can’t say, when you call the police, here’s

your bill for \$55.00 because somebody stole your.... Or if you have a medical emergency you don't want us coming with a bill saying sign in before we provide your emergency services. But, there are things we can do that way, and we are trying to do that. One of the things, storm water, we talked about earlier. We don't want your tax dollars to be subsidizing the treatment of storm water, when 90% of it is coming from big businesses. It's not fair to you. So, we will implement that, and you will stay at just what it costs at your home now. But, most people would rather see those types of things. *' what you could do at Murray, is a fee for service to areas that pay no tax, we have non taxable property that do have a fire department go through". (Krista) and we do have impact fees for when things are developed and built, an impact fee. *' impact fee hits a residential property or...." You're right on line where council members have been. We actually asked our city attorney this year, can we put an impact fee on areas like empty warehouses, that we have tons of public safety problems, or different areas that take more resources. And the answer was no, we can't. *'Ogden City has proposed a disproportionate impact fee on rural housing, part of the good landlord program, disproportionate fees on every business they have, bars, grill, etc" So far, from the questions we have had, we were told no. *(?) We do that with some of the business licensing" *' where public safety is impacted by large developers" Believe me, with this group, the Mayor included, we are looking for any way we can to provide, to keep your taxes as low as possible. I mean, there our taxes too, and we see people, especially people on fixed incomes, and it's tough. When everything gets hit and once, and you have to pay. Property tax, you may be in a home that you were able to afford to pay until you retire, then all of a sudden, do we have to force you out of a home just because... we have to look at those things too and thats why we are here, doing what we're doing with our budget to look at what are our options for us.

The other thing we have to look at is: what role does inflation play on our budget. Our family budget. If you look at these things, what did it cost for gasoline 20 years ago? I remember going to the store for my parents and paying 46 cents for a loaf of bread, and its 5 times that now. *'what kind of impact does the price of gas...hundreds of thousands?" It's huge. We were looking at that. We were going through budget today, we had the first of our budget meetings today, and every single department was impacted. It's thousands and thousands of dollars that we impacted from the cost of gas. Across every one, our finance director said the ones that you are seeing a huge increase in- fuel costs. *(?) And one thing to point out, its not just driving the fire engines or police cruisers around, which is huge, roads, asphalt, petroleum products, the cost of that all goes up. We've seen road rates double. And plus, you have to haul the fill material and stuff around. Cement costs, cement is in short supply. We're being impacted a lot on fuel. *'Im a little bit of a (?) Medical individual, and I would like to know how much total money we're talking., 1 ½ million dollars in Murray? what's the total package you are20 million, 60 million?" *'on our sales tax? *'yes, with the other 11 entities" (Krista) oh, for the 12 entities combines? I don't know what that number is. (Mayor) I can tell you pretty close. It's only about 8 million. *'I guess what my questions is, isn't it worth fighting for? have any attempts been made by the 12 to sit down and say lets sue...you didn't create this problem for the city I end up in court for a year _____ hold harmless -----subdivision_____ (Krista) and the cost, even if we could do that, the cost would certainly be more than 1.5 million.. But over time... *'and the legislature and the governor would take a dim view of it? Generally take that out on the individual"

(Krista) point in case, look at Salt Lake City. (Mayor) We don't want to anger them Jack to the point where they say we're going to get you a 100% population distribution based on population solely, so this was what we felt was a reasonable compromise, because Krista and everyone else who fought up there at the legislature, and Jim and Krista went down there and testified that they were going down this track of 100% population distribution.. That hits us at basically \$6 million. So, they say politics is the art of compromise, this was, we do make a lot of money as a city, there's no doubt about it.

(Krista) I'm going to quickly finish up here, because we're right at the end of the presentation and there's some really good discussion and questions going on. The point is taken, we know we don't pay anything the same for anything like we did 20 years ago, but what percentage did you pay Murray City in property taxes 20 years ago? 12%. Same as today. How do we do that? There are a few things that Murray City has done to make that happen. One is, something that nobody has control of, that is the value of your home, the value continually goes up, and 12% of a \$300,000 home today when you paid \$220,000 for it 15 years ago, so that's part of it; but even still, proportionately it doesn't match, and the city would have still had to increase them. The other things are, the most obvious one, is the commercial development. It has continually subsidized property taxes for the residential areas. With that, and we've had you ask questions all along the way.

Are there other questions or comments you would like to make? Like I said earlier, we are exploring now, the way that the budget works is the Mayor meets with all of his departments, and he puts together a budget. Much of it is based on what happened in previous years, much of it is based on what has happened to us in the past year, he makes the changes he deems necessary, and he hands the budget to the City Council, which he did last Tuesday night in city council meeting. From there, this group, the city council, takes that budget and we look at it, and we may tweak it a little bit, we may tweak it a lot, from what the Mayor has given us. He has recommended a 40.9% property tax increase to cover that \$1.5 million. We are looking at as many options as we can look at, the Mayor is very supportive, he works very closely with us in developing this, he has given us his confidence to go ahead and move through this process, and he works very closely with us. I think that whatever we come up with in the end, he will be very supportive of.

*"you stated that in the years past, has had an implementation of programs whereby the departments get funds if they didn't use the money, they lost it in the next budget year, does Murray city follow that same program?" Our budget works the same way. If a department does not use up their money... (Mayor)" well, there are, I will say this

(Krista) the city doesn't lose it though *"I understand that, it's self defeating. If a department x number of dollars, and they are told if you don't spend it, you don't get it next year, they are going to find a way to spend it, even if it's wasted". (Krista) One thing I would say, you do have a point there, but over the past 5 years, the national economy has been absolutely horrible. Everyone has been affected by the economy, all of a sudden we have seen it come up, but, to the first point, the economy hasn't been any better in Murray as anywhere else. What we've done, we have seen some real changes in Murray City. We have annexed 25% more population in 3 years ago. We have provided some different services, we have not added a single employee to the police department, or to the city, until this year. We haven't added any employees to cover that. This city has asked, and the council has asked our department year after year to find a way to cut back. Find a way to do more with less money. And we have done that for 4 years now, for 4 budget cycles. Our departments have done, and will do it. We have not seen any more complaints about services, we have seen complaints, but we haven't seen more complaints as a result of that. We are looking continually at what we need to do.

We are at a point now, as a council, looking at the overall city budget, saying I don't know how much more we can ask them to do more with less. *(Jeff?) We met with the employees association today, who represent the employees to the city council, and when they were done with their presentation, The sentiment was, and felt by all of us, Councilmen come and go, Mayors come and go, but we have a long tenured staff here in Murray city who really care about their city. And I'm not saying there's not waste in every organization, I know there is. But our department heads are some of the most quality individuals that I have ever worked with in the business community. They have sought in every way, shape and form to take this roller coaster economy, the state government coming in and changing the rules midstream, and make it so we don't have place an additional burden on the back of our tax payers, and at the same time provide the quality of service that has drawn people to Murray. And so, I'm not going to say it doesn't happen, and I'm not going to say that it isn't self defeating to say use it or loose it, but the quality and caliber of the employees in Murray is stellar. And they have done a very very good job with what they have been given.

(Krista) A great point on that is 2 years ago, our police department got an award for the 2nd fastest response time in the nation overall. Our response time of 42, not our numbers, has not changed. I know we are going to have complaints, we're going to mess up sometimes. I'm not here to tell you we don't make mistakes. (Mayor) there are certain accounts by the way, where there is money left over, and we roll it over into the next years budget. We don't say, go find a way to spend it. But on certain, rare occasions, when some road project came in under bid, then we will expedite a road project that was going to be funded into the next year's budget. We will try to put that on track and get it done. The money isn't being spent frivolously it's going to improve the infrastructure and the road projects come out of the general fund. We go out and shop to get the best deal possible. In fact, we have gone to the auctions to get better deals, we look very carefully at the bottom line to see how we are spending the money in the city.

(Krista) and to the Mayor's point, just last year, our streets, our roads people had about \$150,000 left over, we didn't say go spend it, our job as a council is to look at that. If they went out and just spent it, we wouldn't be doing our job. We are looking at that. What we said to them, is go do another road project. And they did, they did one more road that they weren't going to do last year. (Mayor) By the way, alot of you are over there in the area where Creekview and Julep is, let me tell you how we watch your dollars. We built that in the middle of a heavy bidding season which was basically the first of July, because that's when it was funded, and the bid came in at about \$100,000 over our projected estimate, now it was a dilemma for us because that road is in serious disrepair, it's shot. But, what we did and said was, ok, I was a contractor before, and when I got busy as a contractor, I just bid them high because I couldn't do the job. I said, lets hold it and send it out for bid again at the first of the year, when the contractors are hungry. That saved us over \$75,000. Same project, we save you, as residents, \$75,000. And we're getting the project done. We try to look at things like that.

***Police department and fire department are excellent, we have no problems with them. Over in our area we have no problems with them, “ ***how many of you have been robbed in the past 2 months?” (Mayor) If it comes to that if you want to go to other communities and ask how many people have been robbed there, you go to South Salt Lake, and some other communities, I will tell you this. Krista is telling you the way it is. Overall, our police department is rated one of the best, not only in Utah, but nationally. I'm sorry we can't solve every single burglary and I'm sorry that sometimes there are

things that we have to respond to other things that taking place that are taking place while you are trying to get someone to respond to your burglary. It's just a fact of life that it happens. And at night, we have only about 9 police officers.

*"what's the time frame on developing the property north of 4500 S and Main St so that you can increase your taxation and we can have more commercialization over there?, and what are you proposing to do over there?" (Jim Brass) I am the redevelopment agent chair, the Fireclay area is considered a redevelopment project area, and what that means is that we can take increments off property taxes in that area, and if you want to ask questions at the end of this, I can explain what all that means. But, we need to build a bridge, we need to extend Fireclay west to third west, before anything else can be done. Right now we are limited because of fire code issues to 400 residential units in that area. Between 4500 S and our North border, there is no East West road in that area. So, we're doing that right now. In a couple of weeks when we interview a general contractor developer, Someone to oversee the overall development. We have 2 major property owners who are ready to develop now, I hope to see our turning dirt over there this year. We intend to have it be a transit oriented development. It is zoned as a transit oriented development. What it means is a mixed use community. There will be small retail, commercial professional offices and residences. *"Why residential?" Why not? *"Well, you want the taxes, you don't get, residences don't provide taxes" (Krista) the direction it's going right now, (Jim) we can look at South Salt Lake as an example. South Salt Lake has a lot of businesses, but not a lot of residences. You also have to have a market. The people who live there will buy there. More people came to us in the annexations who shop here and want to be a part of Murray. So you want, residential, do you want a lot? *Yes we do" well, it depends on if sales tax distribution changes. (Krista) But the problem is, we're not genies, right now it's 50-50. Next year it could be 100% or it could stay this way for 20 years, which is what the case was for this past one (Jim) we're going to have a nice attractive mix that we feel, the plan for that site is on our website. You go into the redevelopment agency and see what the plan is and there are examples of what the plan is, we are hoping to have a nice project in the next 2 or 3 years.

"is there any way to appeal to the governor on the taxation issue?" (Krista) The problem is back to the same issue that we talked about. We are so outnumbered, we are such a small portion of the population, and \$8 million in the states budget is a drop in the bucket and its....(Jim?) One of our state legislators actually did ask the governor to veto Senate Bill 35, and that was denied. That has been explored.

*"what ever happened to the remodeling and updating of the Fashion Place Mall?" That is still in works, we have had ongoing conversations as you might know, Rouse Company who owned the mall, sold to General Growth Properties. General Growth Properties is trying to figure out where there at with all the their purchase of Rouse Company, which was a huge undertaking for them, their at a point now where they are making plans on what they are doing and we've been assured that they are looking at an upgrade of the mall. (Mayor) General Growth also owns.....well, they are ahead of them, believe me, they will beat Salt Lake, but General Growth also owns the Cottonwood Mall, and that presents a significant challenge to them. (Krista) one thing you need to know, Fashion Place is still the number one mall in the State of Utah for sales per square foot. They are doing very well. (Jim) They want to keep it that way. Part of the problem is, if you look at the footprint of Fashion Place, and all of the property owners, it is amazing. There are family trusts that own sections of parking lots. To get all of the

diverse owners to get together on what will be built where has been a challenge too. We meet with them regularly, talk to them, that is a major component of our revenue right now and it is not something we are not paying attention to.

*"?????

No we don't, they took that away from us this year. We did not intend to use eminent domain in any way, but ("*????) We are in good shape out there. (Mayor) Most of the property, a lot of it is under contract or has been purchased already. (Jim) For those of you who don't know, the Fireclay project goes from State Street and 4500 South down to the Union Pacific railroad tracks, north to the creek, then back up to State Street then back down to the Murray city south (approximate) there are a few properties in there that aren't part of that, but that gives you a general idea. There's quite a bit of it that's vacant ground, fuel sites that have some contaminated soil issues, we feel we have that addressed, and again we've got 2 major property owners who are ready to start building. We just need to get the final pieces in place and believe me, I would love to see them start building now.

(Announcement- someone has lost a wallet)

*"you have right now, a \$5 million dollar shortfall, have you taken into consideration what is going to happen if they reduce the sales tax on food, what kind of an impact now that its going to have?" (Mayor) the state is the only one that has taken that impact.

(Krista) The state is taking the full impact of what they've done. That is not to say that the legislature is looking at removing it completely, right now they have just reduced it. This is a landmark in municipalities, they did it on their own backs this time, and not on municipalities, but, to your point, the likelihood is if and when they decide it goes away completely, the likelihood is they will say, we took the hit last time, now its your turn.

(Mayor) and that could be significant because on a per capita basis we sell more groceries than almost anywhere else in the State of Utah because we have both the Costco and Sam's Club, even though we only have 2 other predominant grocery stores, Smith's and Albertsons. Costco alone sold over \$110 million of groceries last year. That could hurt us, your absolutely correct.

*"Will a new DI pose a positive or a negative impact on Murray?" (Krista) That is something that will remain to be seen, simply because they have plans to upgrade. I think they've have been a good community partner up til now. *"Will they be selling out or renting out some of the property?" No, their plans are to remodel or rebuild on the same property. (Mayor) They own about 9 acres down there Wes, they bought where St George auto sales is, they own all of that property. This would be there top of the line, top selling property in their network, their plan is to redevelop that, and work cooperatively with other entities who would like to purchase the cannery or other properties further to the north. *"With that new property North of 45th and west of Main street adjacent to the DI, are there plans to put types of businesses in there that will, so people will gravitate from the DI over there?" (Jim) We're hoping that the business that the DI draws will also make them notice the other shops there. (Krista) again, we're not the property owners, so

*"I was wondering, if you have neighborhoods that don't want business, and they want our money, can't you guys stand up and say alright, you're taking x amount of our money, and we want it back? Why are you willing to take it in the shorts, here you go" right now, we can't put a sales tax on people coming in from out of the city. *"Yeah, but can't you say, we understand you don't want a grocery store, we'll give you this much

money, but were going to take this much” You’re talking about neighborhoods within Murray *”Im talking about Cedar Hills and Herriman” (Jim) we don’t want this, we have spent hundreds of hours on the hill fighting this. I’ve been up there. We all have jobs, we’ve taken time off to fight this, you’ve got 12 cities, personally, if you all went up to testify, that would have a greater impact than if we just go. You are citizens, you vote, and your opinion matters. If you don’t want to go up there, fine. E-mail. Call, contact.

*”there are a few of us in this neighborhood that’s had our shorts ripped off. We’re pissed off at the Murray City Police Department. I blame, not any of you personally, but Im blaming your jobs. Those of you that have had someone waltz into your house, take your identity, waltz out with \$15-30, 000 out of your house. Call the police, yes, their right there, will they do anything else? absolutely not. Will you fingerprint. No why? all they did is take pictures. I call, your case hasn’t been assigned yet. Im now 6 ½ weeks, where the Hell is my detective? I haven’t heard from him. Im plenty pissed. You guys pat yourselves, you’ve broken every arm you got patting yourselves. I think it’s the shits. You haven’t done anything for me. I’ve gone to the bank, I’ve gone and gotten evidence. I’ve gone to other Police departments-sorry your out of our Jurisdiction. (Mayor) did they take money from your house? *”Yes. Checks, social security number, auto keys to our house, (Mayor) did the bank reimburse you for monies lost? Yes, here is the issue of how the law works.

H. Adjournment

Recorded by Carol Heales, City Recorder